

First Keystone Energy Fund - IV, L.P.

Statement of Income

(Income Tax Basis)

10/31/2012

	Current Month		Year to Date	
	\$	% Revenue	\$	% Revenue
Revenue				
Oil and Gas Production	\$80,086		\$738,514	
Proceeds from Hedge	\$215		\$3,059	
Total Revenue	80,301		741,573	
Operating Expenses (Recurring)				
Lease Operating Expenses	9,705		122,592	
Intangible Drilling Costs	0		\$0	
Marketing and Transportation	0		\$0	
Severance Taxes	4,822		50,806	
State Withholding Tax	0		\$0	
Ad Valorem Taxes	0		\$0	
Total Lease Operating Expenses (Recurring)	14,527		173,398	
Net Lease Operating Income	65,774		568,175	
Operating Expenses (Non-Recurring)				
Lease Operating Expense	0		\$0	
Intangible Costs - Rework			\$0	
Depletion			\$0	
Amortization and Depreciation			\$0	
Total Operating Expenses (Non-Recurring)	0		0	
Drilling and Completion				
Lease Operating Expenses			\$0	
Intangible Drilling Costs	69,347		974,125	
Depletion			\$0	
Amortization and Depreciation			\$0	
Dry Hole Expense	<u>22,582</u>		\$130,023	
Total Drilling and Completion Costs	91,929		1,104,148	
Net Income (Operations)	<u>(26,155)</u>		<u>(535,973)</u>	
Total Administrative Expenses	9,454		\$106,085	
Other Expense				
Interest Expense	1,287		\$5,264	
Interest Income			\$11,966	
Amortization of Basis in Hedges (Settled)	\$1,282		\$12,820	
Hedge Settlement			\$0	
Gain/(loss) from Sale of Assets			(\$45,963)	
Gain/(loss) from Sale of Leaseholds	\$9,783		\$484,125	
Net Income	<u>(\$28,395)</u>		<u>(\$210,014)</u>	

Note: (1) The YTD gain on sale of leaseholds (\$452M) is comprised of the following: \$334M net gain on the sale of the Rushness working interest, \$113M in gross proceeds from the sale of the Woodford Rights, and \$5M in gross proceeds from the sale of the Denton AMI

First Keystone Energy Fund - IV, L.P.

Balance Sheet

(Income Tax Basis)

10/31/2012

Assets

Current Assets

Cash

Cash - First National Bank of Newtown (checking)	\$13,493	
Cash - First National Bank of Newtown (disbursements)	<u>\$893</u>	

Total Cash \$14,386

Prepaid Expenses \$0

Prepaid Investments

East Orr	
Big Sandy	\$53,241
Pocohontas	\$3,848
Green Grass	\$0
Denton #1-3	\$381
Farmer Ranch	\$6,620
Lone Grove	\$13,595
Mad Island	\$29,918
SW Dibble	\$19,250
N Haldton	\$63,959
Rose Valley	\$24,736
Maverick	
Rushness	

Total Prepaid Investments \$215,548

Total Current Assets \$229,934

Cash Reserves Set aside for:

Offsets ⁽¹⁾	\$0
Overruns - General	\$26,935
Overruns - Richard #1	\$0
Overruns - Brooksher #1	\$0
Overruns - Gibbs #1	\$0
Overruns - Mad Island	\$0

Total Cash Reserves \$26,935

Fixed Assets

Lease and Well Equipment \$460,015

Hedge Positions ⁽²⁾ \$74,372

Intangible Assets

Financing Costs	\$5,845
Organization Costs	\$151,400
Producing Leaseholds	\$154,938
Non-Producing Leaseholds	\$310,473
Seismic and Geology	\$280,808

Total Intangible Assets \$903,464

Total Assets **\$1,694,720**

Liabilities and Partner's Capital

Current Liabilities

Bridge Loan from KPG (FL) LLC	\$35,000
Due to/from Fund I	\$5,356
Due to/from Fund III	
Due to Jane Price Trust	(\$4,326)

Total Current Liabilities \$36,030

WNB Senior Term Loan	\$498,941
Partner's Contributions	\$3,998,250
Partner's Distributions	(\$1,096,667)
Prior Year Income(Loss)	(\$1,531,820)
Current Year Income (Loss)	(\$210,014)

Total Partner's Capital \$1,658,690

Total Liabilities and Partner's Capital **\$1,694,720**

Note: (1) The reserve for offset wells includes planned offsets in the Rushness, East Orr, and Alpine Meadows Prospects

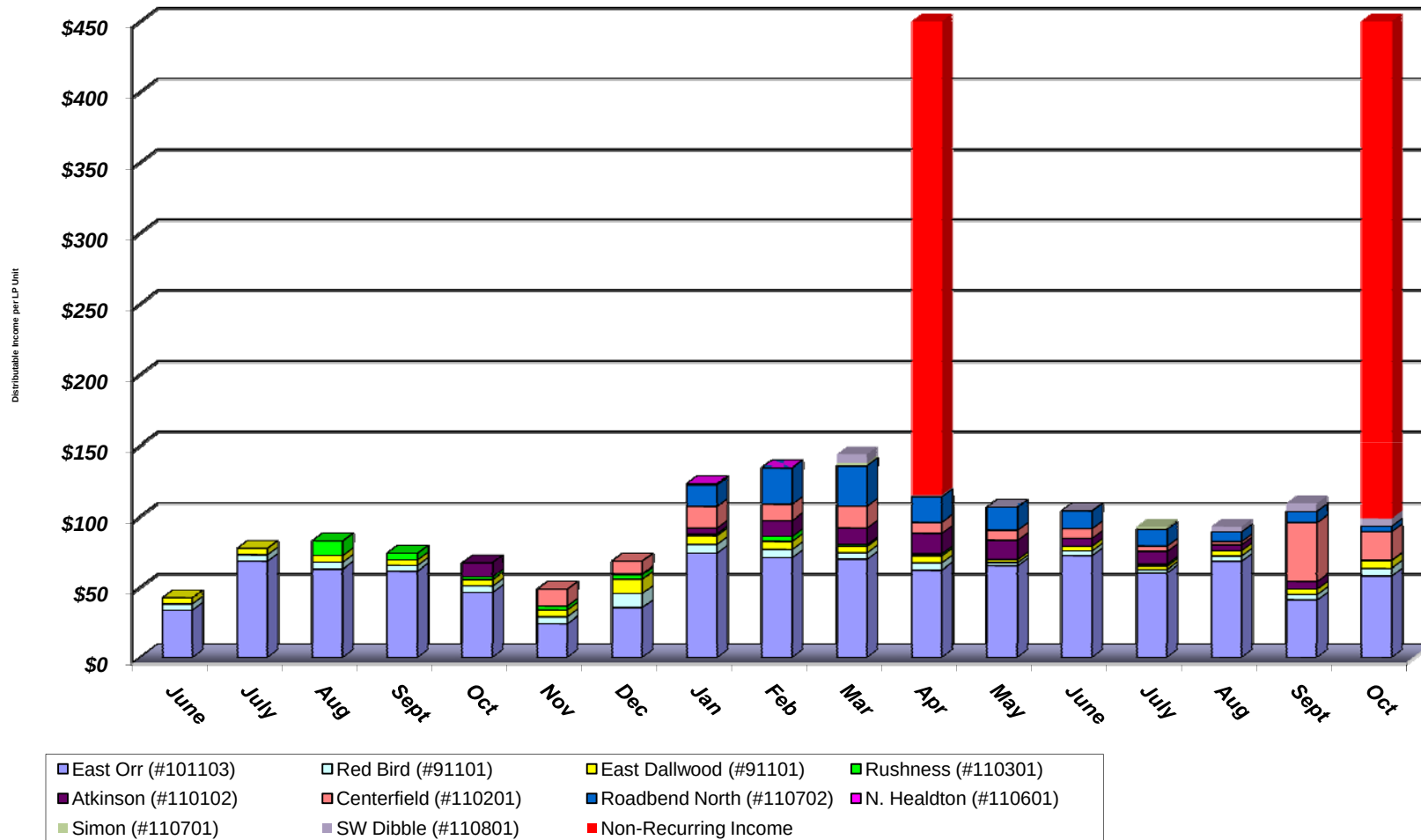
\$0

(2) Hedge positions are initially booked at their purchase price at the time the position is acquired. As a contract expires, the portion of the original position that pertains to that month is expensed into the Statement of Income as Basis. Currently the fund owns 35% of 1/2 of a PUT contract (\$85/BBL) for the 2012 and 2013 calendar year, 25% of 1/2 of a \$115 Call contract in 2012, and 35% of 1/2 of a \$115 Call contract in 2013. These figures do not include this funds participatin in a Swap contract for 2012 and 2013, as there is no basis with these arrangements.

First Keystone Energy Fund IV, L.P.
Statement of Changes in Operating Cash Flows
(Income Tax Basis)
10/31/2012

	<i>Current Month</i>	<i>Year to Date</i>
Net Income	(\$28,395)	(\$210,014)
Adjustments for non-Cash Items		
Depletion	\$ -	\$ -
Depreciation	0	0
Less: Changes in Operating Assets and Liabilities		
Accounts Receivable		(100,000)
Other Assets	(26,571)	235,209
Prepaid Investments	(36,312)	(291,080)
Producing Leasehold Investments	0	(23,321)
Non-Producing Leasehold Investments	947	117,599
Fixed Assets	15,605	188,599
Due to Affiliates	(48,545)	(40,031)
Accounts Payable		0
Accrued Liabilities		0
Total Changes in Operating Assets and Liabilities	(<u>\$94,876</u>)	<u>\$ 86,975</u>
Plus: Changes in Investment Activities		
Loan Drawdowns	\$131,505	498,941
Partner Contributions	\$119,500	520,750
Partner Distributions	(\$360,996)	(944,559)
Total Changes in Investment Activities	(<u>109,991</u>)	<u>75,132</u>
<i>Net Increase (Decrease) in Cash Balances</i>	<u>\$ (43,510)</u>	<u>\$ (221,857)</u>
Cash Balances at the Beginning of the Period	<u>\$84,831</u>	<u>\$ 263,178</u>
Cash Balances at the end of the Period	<u><u>\$41,321</u></u>	<u><u>\$ 41,321</u></u>

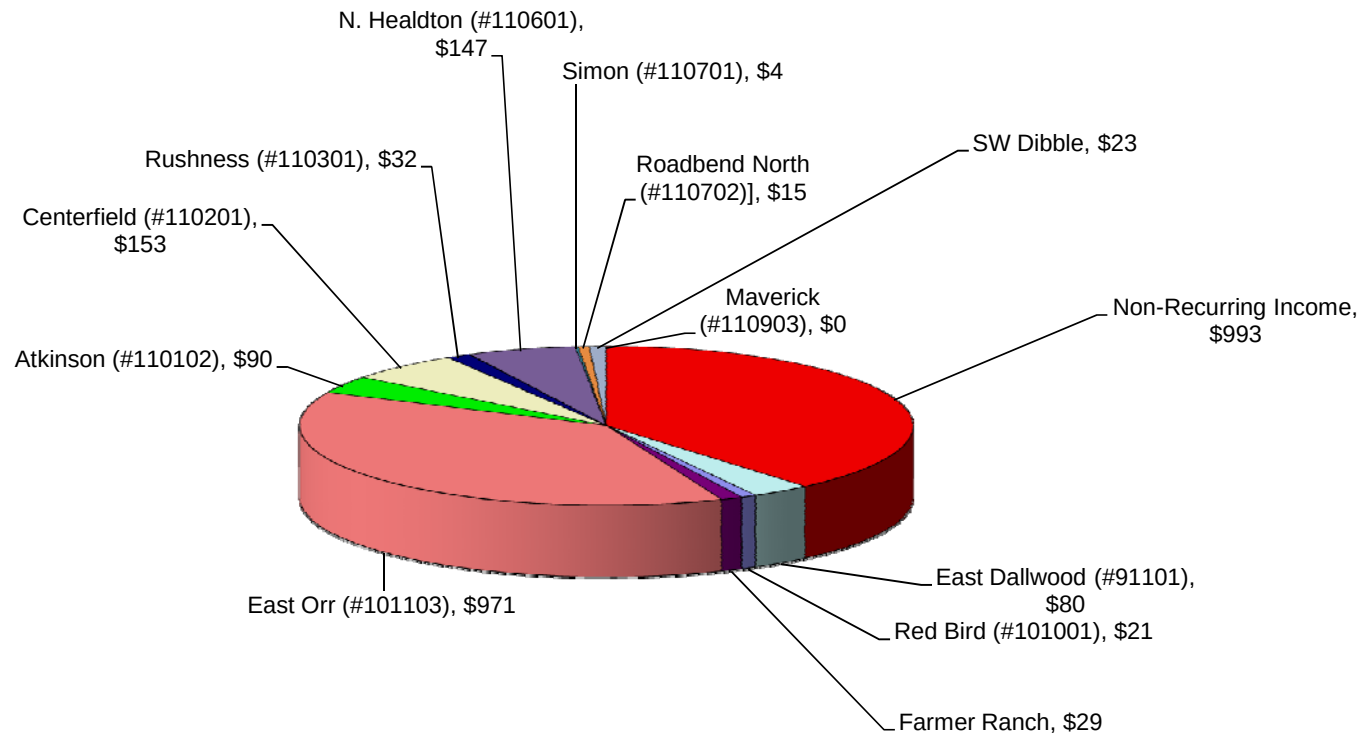
First Keystone Energy Fund - IV, L.P.
Sources of Distributable Cash Flow (I.4)
(Income Tax Basis)
Months Through 10/31/12



Note:

1. The distributable cash for the month of April included \$357 per Unit from the sale of the working interest in the Rushness Prospect. This represents 50% of the gross proceeds received from this sale. The remaining proceeds will be distributed in late October
2. The distributable cash for the month of October included \$636 per Unit from the remaining proceeds from sale of the Rushness Prospect (\$375/Unit) sale of the Woodford Shale (\$252/Unit) and the sale of the Denton AMI (\$9/Unit)

First Keystone Energy Fund - IV, L.P.
Sources of Distributable Cash Flow (I.4)
(Income Tax Basis)
Cumulative Through October 2012



	East Dailwood (#91101)	Red Bird (#101001)	Farmer Ranch (#101102)	East Orr (#101103)	Atkinson (#10102)	Centerfield (#110201)	Rushness (#110301)	SE Jefferson (#110504)	N. Healdton (#110601)	Roadbend North (#110702)	Simon (#110701)	SW Dibble (#110803)	Maverick (#110903)	Total
Current Month														
Gross Revenue														
Oil Revenue	\$3,850	\$1,160	\$0	\$35,941	\$13,846	\$12,265	\$0		\$3,105	\$1,274	\$2,982	\$3,566		\$77,989
Gas	\$0	\$0		\$0	\$0	\$762	\$0		\$1,335					\$2,097
Gain on Sale of Leasehold Assets														\$0
Total Gross Revenue	<u>\$3,850</u>	<u>\$1,160</u>	<u>\$0</u>	<u>\$35,941</u>	<u>\$13,846</u>	<u>\$13,027</u>	<u>\$0</u>	<u>\$0</u>	<u>\$4,440</u>	<u>\$1,274</u>	<u>\$2,982</u>	<u>\$3,566</u>	<u>\$0</u>	<u>\$80,086</u>
Production Taxes	\$178	\$83	\$0	\$2,691	\$82	\$938	\$0		\$319	\$59	\$215	\$257		\$4,822
Marketing Expenses														\$0
Total Production Taxes	<u>\$178</u>	<u>\$83</u>	<u>\$0</u>	<u>\$2,691</u>	<u>\$82</u>	<u>\$938</u>	<u>\$0</u>	<u>\$0</u>	<u>\$319</u>	<u>\$59</u>	<u>\$215</u>	<u>\$257</u>	<u>\$0</u>	<u>\$4,822</u>
Total Operating Expenses	<u>\$794</u>	<u>\$35</u>	<u>\$1,577</u>	<u>\$2,266</u>	<u>\$909</u>	<u>\$1,183</u>	<u>\$0</u>	<u>\$0</u>	<u>\$118</u>	<u>\$186</u>	<u>\$2,015</u>	<u>\$386</u>	<u>\$0</u>	<u>\$9,469</u>
Net Revenue	<u>\$2,878</u>	<u>\$1,042</u>	<u>(\$1,577)</u>	<u>\$30,984</u>	<u>\$12,855</u>	<u>\$10,906</u>	<u>\$0</u>	<u>\$0</u>	<u>\$4,003</u>	<u>\$1,029</u>	<u>\$752</u>	<u>\$2,923</u>	<u>\$0</u>	<u>\$65,795</u>
Less: Administrative Expenses														\$31,013
Less: Debt Service														\$13,003
Less: DSCR Adjustment														\$0
Plus: Interest on Chisholm Trail														\$0
Plus: Proceeds from Non-Recurring														\$340,402
Net Distributable Income	<u>\$2,878</u>	<u>\$1,042</u>	<u>(\$1,577)</u>	<u>\$30,984</u>	<u>\$12,855</u>	<u>\$10,906</u>	<u>\$0</u>	<u>\$0</u>	<u>\$4,003</u>	<u>\$1,029</u>	<u>\$752</u>	<u>\$2,923</u>	<u>\$0</u>	<u>\$362,181</u>
Income per L.P. Unit														<u>\$677</u>
% Return on Contributed Capital - Annualized														<u>112.1%</u>
Year to Date														
Gross Revenue														
Oil Revenue	\$30,835	\$9,648	\$19,423	\$388,021	\$69,601	\$68,289	\$6,977		\$63,467	\$21,356	\$9,479	\$14,587		\$701,683
Gas	\$0	\$0		\$0	\$3,138	\$15,626	\$0		\$18,067					\$36,831
Total Gross Revenue	<u>\$30,835</u>	<u>\$9,648</u>	<u>\$19,423</u>	<u>\$388,021</u>	<u>\$72,739</u>	<u>\$83,915</u>	<u>\$6,977</u>	<u>\$0</u>	<u>\$81,534</u>	<u>\$21,356</u>	<u>\$9,479</u>	<u>\$14,587</u>	<u>\$0</u>	<u>\$738,514</u>
Production Taxes	\$1,423	\$694	\$896	\$28,880	\$3,992	\$6,022	\$311		\$5,871	\$986	\$728	\$1,003		\$50,806
Marketing Expenses														\$0
Total Production Taxes	<u>\$1,423</u>	<u>\$694</u>	<u>\$896</u>	<u>\$28,880</u>	<u>\$3,992</u>	<u>\$6,022</u>	<u>\$311</u>	<u>\$0</u>	<u>\$5,871</u>	<u>\$986</u>	<u>\$728</u>	<u>\$1,003</u>	<u>\$0</u>	<u>\$50,806</u>
Total Operating Expenses	<u>\$6,548</u>	<u>\$3,041</u>	<u>\$9,309</u>	<u>\$16,674</u>	<u>\$12,875</u>	<u>\$7,330</u>	<u>\$2,028</u>	<u>\$3,091</u>	<u>\$3,893</u>	<u>\$6,942</u>	<u>\$10,778</u>	<u>\$1,584</u>	<u>\$1,703</u>	<u>\$85,796</u>
Net Revenue	<u>\$22,864</u>	<u>\$5,913</u>	<u>\$9,218</u>	<u>\$342,467</u>	<u>\$55,872</u>	<u>\$70,563</u>	<u>\$4,638</u>	<u>(\$3,091)</u>	<u>\$71,770</u>	<u>\$13,428</u>	<u>(\$2,027)</u>	<u>\$12,000</u>	<u>(\$1,703)</u>	<u>\$601,9</u>

First Keystone Energy Fund - IV, L.P.
Analysis of Lease Operating Expenses
(Income Tax Basis)
10/31/2012

	Current Month	Year to Date
Lease Operating Expenses (Recurring)		
Lease Operating Expenses		
Atkinson (#110102)	909	11,670
Big Sandy (#100902)	2	341
Centerfield (#110201)	1,183	11,106
Cyclone (#110802)		0
Denton (#110801)		(380)
East Dallwood (#91101)	794	6,798
East Orr (#101103)	1,536	15,458
Farmer Ranch (#101012)	1,577	25,519
Lone Grove (#120601)		324
Mad Island (#110503)	70	3,949
Maverick (#110903)		169
N. Healdton (#110601)	347	3,610
Red Bird (#110101)	139	3,638
Roadbend (#110702)	186	6,479
Rose Valley (#101101)	553	9,213
Rushness (#110301)		6,387
SE Jefferson (#110502)		1,529
Simon (#110701)	2,015	13,780
SW Dibble (#110803)	394	3,002
Total Lease Operating Expenses	<u>9,705</u>	<u>122,592</u>
Intangible Drilling and Completion Costs		
Total Intangible Drilling Costs	<u>0</u>	<u>0</u>
Total Lease Operating Expenses (Recurring)	<u>\$9,705</u>	<u>\$122,592</u>
Total Drilling and Non-Recurring Expenses		
Lease Operating Expenses		
East Orr (#101103)		0
Total Lease Operating Expenses	<u>0</u>	<u>0</u>
Intangible Drilling and Completion Costs		
Atkinson (#110102)	682	84,740
Big Sandy (#100902)	14,306	27,510
Centerfield (#110201)	267	99,771
Denton (#110801)		0
East Dallwood (#91101)		189
East Orr (#101103)	25,408	253,657
Farmer Ranch (#101102)		28,154
Lone Grove (#120601)	18,535	38,024
Mad Island (#110503)		182,099
Maverick (#110903)	229	1,824
N Healdton (#110601)	1,673	75,377
Red Bird (#110101)		0
Roadbend (#110702)		42,693
Rushness (#110301)		7,866
SE Jefferson (#110502)		5,317
Simon (#110701)	1,147	81,354
SW Dibble (#110803)	7,100	45,550
Total Intangible Drilling Costs	<u>69,347</u>	<u>974,125</u>
Total Drilling and Non-recurring	<u>\$69,347</u>	<u>\$974,125</u>